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Winnipeg, October 25th., 1932.

A. T. Hainsworth, Esq.,
President, Provincial Trustees' Association,
Manitoba.

Dear Sir:-

I submit herewith, for the consideration of the Committee on School Finance, a brief review of conditions pertaining to the financial administration of schools in Manitoba and elsewhere. Suggestions based on this data are submitted in the hope that they may be of assistance in guiding discussion toward a possible solution of the problems pertaining to School Finance which have confronted the educational authorities of the Province of Manitoba during recent years. The following phases of the subject are considered:

1. Problems Arising out of the Distribution of Population, Wealth and Income.
2. Some of the Effects of the Present System of Taxation on Real Property.
3. Inequality of Ability to Provide Educational Facilities.
4. Provincial Aid to Education and Its Distribution.
5. The Unit of School Finance and a Comparison of State and Local Aid in Several Countries.
6. Salient Features of Different Systems of School Financial Administration Seen in Relation to the School Situation in Manitoba.

I have not included a very wide range of material on Income as I am awaiting certain information from the 1931 Census Returns.

Yours respectfully,

D. A. Woods

Inspector of Schools.

Problems arising out of the Distribution of Wealth,
Population, Income, School, Enrolment, etc.

The Province of Manitoba has an area of approximately 252,000 square miles of which about 38,600 square miles are agricultural lands, 26,100 square miles water area, 91,200 square miles forest lands, 96,000 square miles tundra and other lands. Approximately 31,891 square miles lie within organized municipalities, of which at 1930 there were 25,457 square miles of taxable lands. Upon this taxable area, rural and urban, has fallen almost the total burden of taxation for school municipal and governmental undertakings. A part of the rural or farm lands may be classed as marginal or sub-marginal. The following quotation from the report of the Minister of Mines and Natural Resources for 1932 indicates very clearly that one of the problems of school finance in Manitoba is rooted in the mistaken policy which opened such lands to settlement for farming purposes.

In the early years of settlement large areas of the better agricultural lands suitable for grain farming were available and the best of these homesteads lands were selected by the great influx of immigrants at the beginning of the century.

As the better areas were taken up the general policy of undirected settlement resulted in later years of homestead entries being filed on lands of poorer quality and not necessarily suitable for agricultural purposes. This is particularly exemplified in the settlement of the inter-lake district. In other cases entries were granted on timber lands with the result that the settler, unable to make a livelihood from agricultural pursuits and having stripped the homestead of its merchantable timber and cordwood, abandoned it entirely. As a consequence municipalities now find themselves in possession of large parcels of unproductive lands and as the municipalities and the government have spent large sums of money for roads, schools and other facilities it is therefore obvious that a new and definite land policy must be adopted.

At no time are the marginal or sub-marginal areas able to maintain school provisions equivalent to that of the wealthier rural lands or urban centres. It will be shown that as the population diminishes in sub-marginal areas that rates of taxation, necessary to carry the original capital outlay as well as current expenditures, cause additional migration and are a factor in the further reduction of the tax base. During periods of depression marginal lands are affected and the reduction in population and taxable lands extended over a wider area. The carrying charges beyond that which marginal and sub-marginal lands will bear has to be met by the Province at large. In a Province having but one large and three small cities, and a rural population distributed over a wide area, the question at once arises as to the method of distributing the extra school burden of the marginal and sub-marginal occupied lands. The problem of administering schools in these areas, so that there will be a minimum of waste, is not limited to the territory in question but concerns the Province as a whole. Both phases of this question will be discussed at greater length in another chapter.

Population trends:-

Statistical data compiled in Table 1 show population trends, rural and urban, since 1871. Until 1901 the population of Manitoba was predominately rural. During the period 1901 to 1911 the population in and about the city of Winnipeg increased rapidly. At 1926 the population of the city of Winnipeg

1. Report of the Minister of Mines and Natural Resources for the Province of Manitoba for the year 1932.

TABLE 1

POPULATION TRENDS SINCE 1871

Year	Total Population	Rural Population	Urban Population
1871	25,228	.....	.....
1891	152,506	111,498	41,008
1901	255,211	184,775	70,436
1911	461,395	261,029	200,365
1926	639,056	360,198	278,858

formed 70 percent of the total urban population of Manitoba. The combined population of the cities of Winnipeg and St. Boniface together with suburban municipalities comprised forty percent of the total population of the Province. During the period 1901-1911 the increase in the population of metropolitan Winnipeg was largely due to immigration. In more recent years it has been due in part to the tendency to shift from the farm to the larger urban centres. This may be shown by the fact that the number of rented farms increased from 6,053 in 1921 to 9,339 in 1926, and the rented acreage from 2,609,173 in 1921 to 3,600,318 in 1926.

The shift from the farm to the city affects the ability of two communities to provide school facilities. As already pointed out the overhead originally created and much of the current cost remain, while the number of ratepayers is reduced, and taxes are either increased or the burden passed on to the Province at large. Urban areas have as a result an increase in school population and in school costs accompanied by an increase in population, frequently of low tax-paying ability.

During the period 1919 to 1931 the population of three suburban municipalities bordering on the city of Winnipeg increased from 18,555 to 32,936 or by 77.8 percent. The growth of suburban population has created about the city of Winnipeg a number of satellite cities. Over the whole metropolitan area the city of Winnipeg has cast its influence. The residents of suburban Winnipeg derive the greater part of their income from employment within the city, and spend the greater part of their income within the city limits. Ambitious to imitate standards of living within the city, over-confident of the future, or unable to forecast the ability of the municipal unit to carry heavy capital costs, they have developed an overhead charge quite beyond their ability to bear. Educational provisions for the increasing school population of several of these suburban municipalities have been handicapped, or if provided they have proven difficult to carry. This constitutes a second major problem the solution of which has not as yet been reached.

The problem in the suburban municipalities is rendered all the more difficult owing to the class of property upon which the burden of the real property tax falls. Commercial property in the city of Winnipeg bears approximately 46 percent of the burden of school taxation, while in St. Boniface it bears 36.5 percent, and in St. James 12.5 percent. Because the tax falls heavily upon lands and fails to bear down equitably upon the incomes of the people much of the unimproved land has reverted to the suburban municipalities. So long as taxation upon real property continues to be the main source of revenue, so long will this unequal distribution of revenue bearing property be a factor in the ability of communities to provide educational facilities.

Rural and Urban Income:-

The distribution and flow of income derived from different occupations presents a problem when education is viewed as a provincial rather than a district enterprise. The variation in ability is evident when the narrow and varied margin of profits from farming is compared with the larger turnover and greater regularity of prices in manufacturing and merchandising. In the one case income is distributed over a wide area and the capital involved increases but slowly; in the other case income is concentrated, flows freely, and may be applied more readily to public services. On the one hand there is but a rough correlation between acreage and crop yields; on the other the supply of raw materials and produce for sale is assured. In the case of farm products prices are governed by the laws of supply and demand; in the case of manufactured and merchandising products the element of control of prices enters to a greater degree. Under normal economic conditions the advantages of one large city, having a large manufacturing and merchandising business, over those of a widely distributed rural population are quite evident. The changing distribution of income in Manitoba may be illustrated by comparing the value of production from manufacturing and agriculture during recent years. Data concerning the value of production from these two industries is compiled in Table 11. The peak of gross value for farm production was reached at 1920 and again at 1924. The peak for manufacturing was reached

TABLE 11
ESTIMATED GROSS VALUE OF PRODUCTION FROM MANUFACTURING AND
AGRICULTURE IN MILLIONS OF \$

Year	Manufacturing	Agriculture	Field Crops
1920	158	165	.....
1924	102	163	136
1925	124	147	115
1927	142	118	82
1928	159	149	113
1929	164	116	78
1930	142	88	52
1931	...	56	24

at 1920, 1928 and 1929. A depression does not affect the income from urban industry as quickly as that from the production of raw materials. Salaries and wages earned in the manufacturing industry in greater Winnipeg during 1930 amounted to \$2,720,502. This would represent approximately 38 percent of all salary and wage earnings in metropolitan Winnipeg during that year. The estimated average net value of farm produce for the years 1928 to 1930 inclusive amounted to approximately \$78,000,000. Salaries and wages earned in urban centres and the net value of farm produce are not exactly comparable as it is estimated that 60 percent of the farmer's food is produced at home. However, it is evident that the salary and wage bill of metropolitan Winnipeg and the net earnings from agriculture for the three years 1928 to 1930 come within range of one another. The problem of estimating and of equalizing ability to provide educational facilities as between urban and rural communities has not been solved and will continue to be a major educational problem. It is one phase of the total financial aspect of education that has particular significance for Manitoba owing to the almost equal division of population between metropolitan Winnipeg and the rural part of the Province.

Secondary Education:- The very large increase in the enrolment of the secondary school has become a serious problem. To some extent it presents a new problem. This is common to all countries having a public secondary school system. The number of secondary schools on the Grant List in England and Wales increased, during the period 1909 to 1929, from 912 to 1354. The number of pupils enrolled in these schools increased during the same period by 161 percent. It has been stated by a reliable authority that over 50 percent of those of secondary school age in the United States are enrolled in the secondary schools of that country. In seven provinces of Canada, during 1930, approximately 12.3 percent of the total school enrolment was enrolled in the secondary school. Table 111 shows the increase for Manitoba of enrolment in the secondary as

compared with the elementary school at intervals since 1916. The increase in population amounted

TABLE 111

INCREASE IN POPULATION AND SCHOOL ENROLMENT IN MANITOBA AT INTERVALS 1916 TO 1931

Year	Percent Population Increase over 1916	Percent Increase of Elementary School Enrolment Over 1916	Percent Increase of Secondary School Enrolment Over 1916
1916	100	100	100
1921	10.1	28.0	28.7
1926	15.4	36.8	102.4
1931	26.7	39.2	174.1

to 26.7 percent; the increase in elementary school enrolment to 39.2 percent, and the increase in secondary school enrolment to 174.1 percent. The increase in the enrolment of Grades 1 to VIII inclusive, for the year 1931 over that of 1926, amounted to 481. During the same period the increase in the number of pupils enrolled in Grades IX to XII inclusive amounted to 4,793. The enrolment in the elementary school has reached the saturation point for the present rate of population increase, that of the secondary school continues to increase rapidly.

Coupled with the problem of increasing enrolment in the secondary school is that of vocational training. There are those, at present continuing in the secondary school through force of economic circumstances, who would be more agreeably and profitably employed if doing work preparatory to a vocation. The problem is as much a problem of attitude as it is a problem of aptitude. I. L. Kandel in his work The History of Secondary Education, published in 1930, quotes a French writer on this subject as follows:-

In other words France is conscious today of the need of educating not merely one type of leaders - the intellectual type produced by her traditional secondary education - but a variety of types as demanded by her changing social, industrial and commercial conditions.

Manitoba is confronted with the same problem but, for want of funds, does not know what to do about it.

Increasing School Costs:- Another problem is that of increased school costs. A summary of increasing costs at intervals over the period 1913 to 1930 is contained in Table IV. Taking 1913 as the base, the costs quoted are for

TABLE IV
PERCENT INCREASE IN ENROLMENT, AVERAGE ATTENDANCE, AND CASH COSTS PER PUPIL IN AVERAGE ATTENDANCE AT INTERVALS 1913 to 1930

Year	Enrolment	Percent Increase in		
		Average Attendance	Total Cash Costs	Cash Cost per Pupil in Average Attendance
1913	00	00	00	00
1915	20	42	19	00
1922	63	98	166	61
1925	71	117	122	25
1930	81	134	161	29

current cash disbursements, omitting current loans and replacement costs which would reappear in debenture issues or have more than current expenditure significance.

The peak of school expenditures was reached in Manitoba at 1922, declined at 1925 and began to rise again but, at 1930 had not reached the total for 1922, despite increased enrolment and secondary

school costs. School costs have not increased in proportion to the increased teaching load, nor in proportion to improved teacher qualifications. A recent report of the Dominion Bureau of Statistics estimates that the cost per pupil in average attendance at 1930, expressed in 1913 dollars, amounted to \$53.10 at 1913, and to \$52.10 at 1930. The actual cash costs per pupil in average attendance at 1930, expressed in 1930 dollars, were approximately \$20.00 more than at 1913. In comparison with former years it cannot be said that our schools were operated extravagantly at 1930.

Secondary school costs have become a large factor in the costs of education in Manitoba during recent years. It is estimated that at 1931 the total expenditure for secondary schools, omitting short term loans, amounted to approximately 17 percent of the total expenditure for education.

Effects of the present depression. - Something of the effects of the present depression are shown in Table 11. The average annual value of gross production for agriculture for the period 1925 to 1929 amounted to \$136,000,000. That for 1930 and 1931 amounted to \$88,000,000 and \$56,000,000 respectively. The value of gross farm production for 1931 amounted to 41.2 percent of the average for the period 1925 to 1929. The value of grain production for 1931 amounted to approximately 25 percent of the average for the period 1925 to 1929. Owing to the reduction in the prices of livestock and dairy products at 1931-32 the gross value of all farm products at 1932 would be less than 41.2 percent of the average for the period 1925 to 1929. Apart from farm labour costs much of the overhead remained. The 1931 Census shows that 42.73 percent of all farms in Manitoba were mortgaged to the extent of 20.81 percent of the total estimated value of farm property. The total for mortgages amounted to \$60,070,100. At seven percent the annual interest charge would amount to \$4,200,000. In other words the interest charge on mortgages amounted at 1931 to 7.5 percent of the total value of farm production. The same amount of interest represented 3.1 percent of the total average value of farm production for the period 1925 to 1929. This one item of fixed charges fell with more than double weight upon the farm income of 1931. The effect is obvious. Residents in the poorer farm areas have little cash income. Residents in the better farm areas can with difficulty carry the current expenses of the farm let alone fixed financial charges. They have nothing to contribute to the support of public services in the poorer farm districts.

Similar information is not as yet available for urban centres but the effect of the depression may be judged through what has happened to salary and wage income. It is safe to say that the rate of salaries and wages has been generally reduced by 20 percent. It is possible that 25 percent would be more accurate. In addition many have been struck from the payroll altogether and are on relief. Unemployment relief data for the city of Winnipeg for the period September first 1931 to April Thirtieth 1932, shows that there were 20,000 registered unemployed. It also shows that the total amount spent by the city on direct relief amounted to \$2,193,027.34. The city of Winnipeg spent 83.8 percent of all the direct relief within the Province. There has not been deducted from this figure the amount contributed by the Dominion or Provincial governments, neither has there been added the amount spent on relief work. The number receiving unemployment relief represented approximately 27 percent of all salary and wage earners in the city of Winnipeg. The taxpaying ability of business enterprises is not available for comparison but it has likewise been reduced tremendously. The returns from manufacturing would indicate that the serious reduction in urban income during periods of depression does not immediately accompany that of the producer of raw materials.

2. I. L. Kandel. The History of Secondary Education. Boston: The Houghton Mifflin Co., 1930. p. 225.

From the standpoint of public finance unemployment relief places a serious burden on the urban taxpayer. Reductions in administrative expenditures are immediately taken up by expenditures for relief. The large urban centre, with a greatly reduced payroll, and consequently taxpaying ability, is compelled to maintain current expenditures at the peak. If this were to continue over a considerable period payments on overhead would have to be suspended. That is exactly what has happened in the case of the weaker rural and suburban municipalities. Owing to other causes it has happened in some instances previous to the period of the present depression.

The financial situation, created by the present depression, must in the first instance be met by a reduction in current expenditures. There is at present no other immediate remedy. Unfortunately, due to our wide-flung system of school districts enjoying quasi-corporate power, with the desire to reduce current expenditures augmented by the urge of young teachers to secure a job at any price, the burden of reducing school costs has fallen heavily upon the teaching body. It has fallen neither equally nor systematically, but rather with exaggerated emphasis upon the teacher in the rural and small urban districts. The effect of this upon the improving strength of the teaching body is of first importance. Another phase of the problem is that of maintaining schools in areas in which case income has almost disappeared, or in which the depletion of income has rendered it exceedingly difficult to maintain the current costs of elementary education without attempting to support secondary education at all. The total situation at once raises the question of a larger measure of centralized administration, and also the question of a reserve educational fund to cope with periods of local or general depression.

The present chapter is but an introduction to particular problems of school finance. Arising out of these are two general problems, that of the effect the present system of taxation on real property, and the inequality of ability between school districts to provide educational facilities even during periods of normal economic conditions. These problems are discussed in the two succeeding chapters.

Chapter 11

Some of the Effects of Taxation on Real Property.

The increase in the burden of taxation on real and personal property over a period of years may be measured by comparing the tax levied and the assessment. In this instance the Equalized assessment for the Province is used. Professor Lutz points out that this is not the most accurate basis, more particularly when both urban and rural assessments are included, because

Different classes of property vary widely in productive power and.....are not equally certain to be fully assessed.³

However, using the Equalized assessment for the same area, would provide an approximate indication of the general trend of taxation. Table V, the data for which are taken from the annual reports of the Municipal Commissioner for the Province of Manitoba, shows the growth in taxation as measured by one hundred dollars of the Equalized assessment, at intervals, during the period 1922 to 1930. This indicates that

3. H. L. Lutz, Public Finance, Second Edition, New York: D. Appleton and Co., 1930. p. 369.

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TABLE V

AVERAGE TAX PER ONE HUNDRED DOLLARS OF ASSESSMENT OF REAL AND
PERSONAL PROPERTY IN MANITOBA AT INTERVALS DURING THE PERIOD
1922 to 1931

Year	Average tax per Hundred Dollars of Equalized Assessment	Average School Tax per One Hundred Dollars of Equalized Assessment
1922	2.52	1.14
1925	2.74	1.13
1929	3.08	1.09
1930	3.06	1.13
1931	3.11	1.27

there has been a general upward trend of the burden of taxation, as measured by the equalized assessment, since 1922. It shows that at no time has the burden of taxation for school purposes exceeded 45 percent of the levy for all purposes. It also shows that the levy for school purposes has remained more uniform throughout the period than has that for other services.

A comparison of the total levies for several purposes during the years 1929 and 1931 is contained in Table VI and still further illustrated in Table VII.

TABLE VI

THE DISTRIBUTION OF LEVIES FOR THE YEARS 1929 and 1931 in
000's of DOLLARS

Year	Municipal Purposes	School Purposes	Debenture Purposes	Misc. Purposes	Mun. Comm.	Total
1929	\$6,514	\$7,918	\$1,860	\$1,113	\$2,056	\$19,463
1931	7,130	7,522	2,015	1,046	654	18,368

TABLE VII

LEVIES FOR MUNICIPAL, SCHOOL AND OTHER PURPOSES FOR 1929 and 1931 in
000's of DOLLARS

Urban Rural Mun.	Mun. Purposes	School Purposes	Deb. Purposes	Mis. Assess.	Mun. Com.	Total Tax levy Levy	Arrears of Taxes
Winnipeg	\$3,006	\$3,172	654.7	174	657	7,664	3,520
1929							
1931	3,858	3,216	654.7	237	223	8,190	4,151
Brandon							
1929	240	210	88	6	39	583	503
1931	260	197	80	6	6	550	322
Dauphin							
Rural							
1929	25.	51	13	11	18	119	121
1931	19.	41	12	9	4	86	137
St. James							
1929	126.	157	106	23	10	423	216
1931	111.	168	227	23	6	535	224
Transcona							
1929	43.	53	23	17	5	140	53
1931	40	57	22	14	5	138	50
Roland							
1929	16	34	--	13	14	77	29
1931	13.3	31	--	9	4	56	56

Although income has been reduced in and about Winnipeg since 1921, taxation has increased. Transcona shows a reduction both for tax imposition and tax arrears. Owing to the heavy reduction in income at that centre during the present year the situation in relation to taxation and arrears will in all probability be seriously altered at the end of 1932. A very considerable reduction in taxation is shown for the rural municipalities of Dauphin and Roland, and a smaller reduction, comparatively, for the city of Brandon. Increased taxation and tax arrears in and about the city of Winnipeg at 1931 may be attributed to unemployment relief, arrears of taxes, and to fixed financial charges.

It is quite obvious that taxation for all purposes is inter-related. The ability to provide for educational services must be seen in relation to the ability to meet the total tax bill. This at once raises the question of the control over the total tax bill of an urban or rural municipality. In Manitoba the many small school districts budget for the year and the council levies according to the school district estimates. The Municipal Commissioner's levy is distributed according to the equalized assessment. The council levies for current expenditure and debenture payments. Only in the case of new debenture issues has the Public Utility Board the authority to decide for the municipality. Consequently three bodies requisition independently through the medium of the municipal council over two of which neither the council nor any other body has jurisdiction. It is doubtful if at any time an adequate effort has been made to measure the ability of municipal units to provide for the various public services required.

It is equally obvious that the ability of the individual to pay taxes is in the first instance dependent upon the income of that individual, and that the ability of a community to pay taxes is dependent upon the aggregate of individual incomes within the community. That has been clearly demonstrated during the present depression. Sir Josiah Stamp states that:

Ability to pay, or the faculty principle, is now recognized as the only satisfactory one for apportioning the tax burden.⁴

It is important at this point to note the growth of taxation on farm lands in Manitoba over a period of years, also to appreciate the weight of taxation in relation to income rather than to the assessment of property. The point may be illustrated most effectively by reference to particular cases. Data were secured for 34 of the highest assessed quarter sections of land in as many school districts in the rural municipalities of Dauphin, Pipestone, Thompson, Ethelbert, Mossey River and Piney. The sampling represented lands in 3 consolidated, 6 graded non-consolidated, and 25 rural school districts. The total taxes levied for all purposes amounted on the average at 1909 to \$23.97 per quarter section, at 1919 to \$59.85 per quarter section, and at 1929 to \$74.73 per quarter section. Although the greatest increase took place between 1909 and 1919, the period of high prices for farm produce and of high land values, there was a steady upward trend throughout. This does not prove that the taxes levied were either too low or too high at 1909 or at 1929. A further examination was made of the relation between farm income and taxation for several municipalities during the period 1925 to 1929. It was found that, after deducting for seed, feed and operating cash expenses, taxes absorbed from 9.36 to 11.23 of the net income (before deducting taxes) from farming operations in the wealthier municipalities. For the poorer municipalities it is estimated that taxes absorbed a much larger percent of the net income before deducting taxes. In estimating net cash income no allowance was made for overhead or family living costs. Professor Ely, quoting from a report of the United States Department of Agriculture shows that for the year 1919 the ratio of taxes to rent, before deducting taxes, for 695 rented farms in six states, varied from 15 to 66 percent of the total net rent.⁵

4. Sir Josiah Stamp/ The Principles of Taxation. London: Macmillan Company, 1929. p.7.

5. Ely and Morehouse. Elements of Land Economics. New York. The Macmillan Company, 1926, p. 316.

Data are not available to show trends in taxation on urban property over a long period of years. A sampling was secured for the period 1925 to 1929 and also for the year 1931. Taxes on 15 apartment blocks in the city of Winnipeg for the period 1925 to 1929 amounted to 10.86 percent of the gross rentals, and to 22.98 percent of the net rentals before deducting taxes. At 1931, owing to vacancies, taxes on eleven of these properties amounted to 16.4 percent of the gross rentals. Without exception the incomes derived from the rental of these properties were reduced, and without exception taxes at 1931 were increased as compared with the average for the period 1925 to 1929, or for any year during that period. An examination of additional classes of property in Winnipeg and elsewhere shows that this condition is neither limited to apartment blocks, nor to the city of Winnipeg. Falling income and increasing taxation upon property can have but one result.

Taxation and the reversion of lands to rural municipalities

The reversion of farm lands to the municipality or to the crown cannot be attributed entirely to taxation. As already pointed out it has been due in part to the settlement of lands for grain growing purposes which should have been used for ranching or forestry. A striking example of this followed in the wake of the soldiers settlement policy after the Great War. Many returned men were placed on marginal or sub-marginal lands. The charge against land and buildings was quite beyond the productive power of the land. The original settlers had managed to meet the small tax demands of other days and were not discontented with their lot. The new settlers were neither satisfied with the social possibilities nor able to adjust the income possibilities of these lands to the carrying charges against them. Wholesale desertion followed and the burden of public services upon the remaining settlers has added continual withdrawal since that time. Unfortunately expensive school provisions had been made in many instances, generally through long term loans. The expensive school building policy which preceded the after war land settlement scheme in many areas became a burden at 1920.

During the boom days centering around 1909 the speculator invested a large amount of money in hay meadow lands and in urban lots. Both the municipalities and the Provincial government acted on the theory that these lands should be taxed as if improved. In sub-marginal rural areas the land tax was distributed according to the estimated value of the land, and in addition the Provincial government levied an unoccupied land tax. The reduction of land values following the depression of 1920-22 made it unprofitable to retain possession of unoccupied lands and much of it has continued to revert to municipalities. Even the larger holding companies have been letting it revert. Had the principle of a minimum tax, plus a tax on earned increment at time of sale, been applied to unoccupied lands, the reversion of these lands to municipalities might not have proceeded with such rapidity.

As a result, the increasing weight of taxation placed upon the remaining taxable lands, has forced even more productive lands into the tax column. This is particularly true of the inter-lake area and may be observed in the rural municipalities of Eriksdale and Bifrost. During the period 1920 to 1930 the reduction in taxable lands in thirty-eight rural municipalities amounted to 811,553 acres. In twelve rural municipalities, across the area extending from Ethelbert to Sprague, the reduction in the number of taxable quarter sections amounted to 1223 out of a total at 1920 of 7,907, or to 15.4 percent of the total taxable land area. Taxes over this total area have been reduced in recent years. Likewise Provincial aid to schools has been greatly increased. The reduction in the receipts from municipalities for school purposes in ten municipalities during the period 1921 to 1930 amounted to \$47,732, the increase of Provincial aid to \$45,273.

What has actually happened with regard to the reduction of the tax base may best be illustrated with reference to a particular municipality. The rural municipality of Armstrong is taken as an example of one of the most exaggerated cases. Data concerning assessment and taxable lands is compiled in Table Vlll. The taxable area in the rural municipality of

TABLE Vlll

ASSESSMENT AND TAXABLE LANDS OF 17 SCHOOL DISTRICTS IN THE RURAL MUNICIPALITY OF ARMSTRONG FOR THE YEARS 1920 and 1930

School District	Assessment per School District During the Years 1920 and 1930		Number of Quarter Sections Assessed During the Years 1920 and 1930	
	1920	1930	1920	1930
Monar	\$23,040	\$19,870	48	42
Rondeau	26,880	10,030	56	19
Booth	30,180	14,010	64	29
Rosery	25,440	5,650	53	11
Willow View	29,760	10,560	62	21
Skogan	21,360	11,520	45	22
Narcisse	27,060	17,090	46	21
Hythe	24,700	21,150	51	41
Clematis	24,480	8,140	52	17
Markland	12,360	8,100	27	16
Sandridge	13,600	5,780	29	12
Union Prairie	22,200	13,840	44	26
Cossette	54,190	36,200	49	28
Bender	11,980	4,380	26	9
Fish Lake	11,040	3,520	23	8
Buffalo Lake	12,000	3,200	25	8
Chatfield	14,400	1,410	30	4
Totals	384,670	194,450	730	334

Armstrong was reduced by 54.3 percent while the total tax levy was reduced from \$36,848 at 1922 to \$20,657 at 1930 or by 43.7 percent. Although there was a large reduction in the total tax levied there was an increase in the tax levied per quarter section of taxable lands remaining. The extent to which the school bill was responsible for this may be illustrated by the weight of the General School Levy over a period of years, as shown in Table lx. It will be noted that

TABLE lx

THE GENERAL SCHOOL RATE IN ARMSTRONG RURAL MUNICIPALITY FOR THE YEARS 1924 to 1929

Year	General School Rate	Total School Levy
1924	21.5	\$9,895
1925	20.0	8,376
1926	30.5	9,115
1927	29.5	8,342
1928	35.5	9,089
1929	41.0	9,774

the school levy remained approximately uniform over the period 1924 to 1929. The increase in the General School rate was in large part due to the elimination of the Special District tax and the substitution of the General Municipal rate instead.

Taxation and the Reversion of lands to urban municipalities:-

It was formerly stated that taxation upon unimproved urban land has produced a serious reversion of such lands to urban municipalities. Although this state of affairs is not confined to suburban municipalities in and about the city of Winnipeg it is particularly true of these over-developed residential districts. The Select Committee of the Manitoba Legislature appointed to enquire into conditions in suburban municipalities about the city of Winnipeg found that at 1925

these municipalities were burdened with "tax arrears, tax certificates and titles amounting to \$5,003,031, a good part of the land involved being in the hands of the municipalities, and, it is feared, much more will follow". At 1930 the municipality of St. James owned "approximately 55 percent of the area of the municipality and 33.5 percent of the assessed value of the rateable land, excluding from value calculations all lands exempt by reason of their character as religious, educational, government or railway property". It is estimated that approximately 35 percent of the assessed value of all rateable land in the municipality of East Kildonan has reverted to the municipality. The extent to which the assessment has reduced and consequently the ability as measured by assessment valuation of suburban municipalities is shown in Table X. From this it may be seen that the

TABLE X

EQUALIZED ASSESSMENT FOR FOUR SUBURBAN MUNICIPALITIES AT 1925, 1929 and 1931

Municipality	Equalized Assessment for the Year		
	1925	1929	1931
East Kildonan	\$3,720,000	\$3,194,000	\$2,937,000
St. James	7,606,000	5,190,000	4,016,000
St. Vital	4,241,000	3,871,000	3,613,000
Transcona	2,310,000	1,725,000	1,584,000
Totals	17,877,000	13,980,000	12,150,000

equalized assessment has been reduced by 31.9 percent. This is not by any means an indication of the exact reduction in ability as measured by property valuation, neither is it an exact measure of the reduction in ability to pay taxes. However, it is an indication of the severe reduction that has taken place as measured by the assessment on real property. The reduction on the basis of the local assessment for all four municipalities during the same period amounted to 25.3 percent of that at 1925. During the same period the levy for all purposes increased 20.2 percent, and the population by 24 percent. To a considerable extent the large decrease in assessment means a decrease in the tax base which in turn would point to the reversion of unimproved property to the municipality. The increased levy, though distributed over a smaller land area, was at 1931 distributed over a larger population and in consequence a larger aggregation of incomes. Being measured in terms of real property rather than in terms of individual incomes the distribution of the levy would not necessarily fall at the points that could best carry the increasing weight of taxation. In any case the reduction of the tax base due to taxation on unimproved land increased the burden upon even an increasing population.

A similar situation on a smaller scale exists in the city of Winnipeg. The report of the Board of valuation for the city of Winnipeg at 1932 shows that the city has acquired title to 27.7 percent of approximately all the plotted street frontage, and is in the course of acquiring 3.29 percent, making a total of 30.99 percent of all the street frontage inside the city limits. The report adds that these figures do not include acreage, which, if added, would increase the percentage of city owned.

The illustrations given indicate that better judgment must be exercised in the taxation of unimproved property. Such properties, except for the frontage tax on improvements in urban centres and for roads in rural areas, do not enter largely into municipal expenditure. Moreover, as a source of municipal revenue they are a

6. W. C. McKinnell and Others. Third and Final Report of the Select Committee of the Legislature. Winnipeg: 1925, PP. 9-10.

7. W. D. Love & Co. Rural Municipality of St. James, Revenue Resources, November 17, 1931. P. 8.

profitable asset. As a frozen asset they are to some extent a liability against current expenditure.

The illustrations still further confirm the opinion commonly expressed by economists that assessment as the measure of ability is not adequate, and that real property should not be made to bear almost the total burden of taxation. Sir Josiah Stamp states that

While we may for convenience, reduce all the different kinds of taxes to one common denominator of a tax on income, the fact remains that the hardship created by imposing it as such a single tax on income, would be felt to a greater extent than if the poor taxpayer is hit in different ways under different guises....

By a judicious mixture of methods one can get a larger sum out of the community (with a given amount of pain) than by following any one special line.⁸

CHAPTER 11₁

Inequality of Ability to Provide Educational Facilities.

The efficiency of the financial mechanism for school provisions may be judged by the equality or inequality of financial units to provide educational facilities. The state in setting up legislation which requires that all shall be educated up to a certain standard assumes that individual and social intelligence is essential to the progress and well being of the whole body of the people. At the same time that the state directs that all the children of the land shall be educated, she in a large measure places responsibility for the execution of her theory upon small units of widely varying ability. The theory that a good common school education is the right of every child, rather than the privilege of the few, is entirely incompatible with a practice that fails to distribute at least the more important parts of the burden equitably across the income of the whole body politic. Professor H. C. Morrison, discussing this phase of the school problem states that:

Citizenship in the state implies concern for all the youth of the state regardless of habitation. Hence, compulsory education laws, child labor acts, guarantees of secondary education, and the like evidences of the interest of the state. For a generation or more, professional educators, and students of our institutions in general, have become increasingly aware that setting up the local community as the untrammelled political unit of control, and almost the sole source of support for the schools existing within its boundaries, results in neglect of the proper education of large numbers of citizens. There is in existence evidence tending to show that the increase of illiteracy in the native population of the older states after 1840 was traceable to economic and social changes which made it increasingly difficult to rely upon the local community for the achievement of the primary purpose of popular education. Mere ability to read and write is far from being the sufficient safeguard of free institutions. Indeed, it may well be argued that mere widespread ability to read the printed page, apart from more extended education, simply increases the opportunities of the demagogue. The fundamental apparent cause of neglect seems clearly to be the limited economic resources of many local units of school support.

8. Sir Josiah Stamp, Wealth and Taxable Capacity, London: P. S. King & Son, 1930, PP. 129-130.

9. H. C. Morrison. The Financing of Public Schools in the State of Illinois. New York: The Macmillan Company, 1924. P38-39.

The limitations of assessment as the measure of ability are obvious. Although the Manitoba Tax Commission, by standardizing methods of evaluation, has endeavored to correct inequalities in local assessments, no one would question the statement that such still exist, province wide. However, the equalized assessment represents the best effort to date to establish a common measure for municipal assessments throughout the Province. The equalized assessment represents an attempt to measure the market value of land and to that extent may be considered in some respects a measure of productivity. The various classes of property assessed make this exceedingly difficult. It is not an easy task to bring under one common measure the productive properties such as business, industrial properties and farm lands, with residential properties in urban centres. The only true measure that may be spread over all is the earning power of the first three and the earning power of the individual occupant of a residence. After using the equalized assessment as a measure of ability a comparison will also be made on the basis of income.

The municipality is taken as the unit of assessment. Conditions in general are similar within each municipality. Moreover, the General School tax has to some extent made the municipality instead of the school district the unit of revenue. As urban and sub-urban municipal boundary lines in some cases form the boundary lines of the school district the municipality forms a convenience unit for comparative purposes. In rural municipalities the town or villages located therein are included with the rural municipality. In such cases it is the total area that produces the income from which school taxes are paid.

The number of teachers engaged and the number of pupils enrolled are taken as the measures within the local unit. In rural districts the assessment per teacher affords a basis for comparison that is at least readily understood. The number of pupils enrolled determines in a large measure the number of classrooms operated and the number of teachers engaged. Both measures have their limitations. The tendency in wealthier districts is to engage more teachers for the number of pupils enrolled. Classrooms in towns usually have a larger enrollment than one-room rural schools. The situation is sufficiently similar as to rural and village population between the municipalities selected to warrant using the measure for all rural municipalities. Using the number of pupils enrolled as an additional measure has a tendency to correct any discrepancies that occur between municipalities as to rural and urban enrollment. It also affords a more equitable basis for comparing the ability of purely urban school districts and those of rural municipalities.

Using the foregoing measures, the variation in ability of rural, sub-urban and urban municipalities to support schools is illustrated in Table XI. On the basis of the equalized

TABLE XI
EQUALIZED ASSESSMENT PER TEACHER AND PER PUPIL ENROLLED IN RURAL,
SUB-URBAN AND URBAN MUNICIPALITIES.

Municipality	Classification	Equalized Assessment per Pupil Teacher	Enrolled
Armstrong	Rural	\$19,000	\$1,270
Chatfield	"	37,630	920
Dauphin	"	98,700	2,870
Miniota	"	150,201	6,790
Roland	"	218,300	7,400
Brooklands	S-urban	38,300	715
St. James	"	67,600	1,454
Portage la Prairie	City	108,108	2,714
Winnipeg	"	218,793	5,503

assessment the ability in the five rural municipalities, per teacher engaged, varies from 19 to 218 thousand dollars. On the basis of pupils enrolled the variation is from \$920 to \$7,400. A similar variation exists between sub-urban and urban municipalities. The sub-urban municipality of Brooklands may well be omitted from this group as it is but an accident, a false unit, bordering on the city of Winnipeg. The other three municipalities present a more accurate picture of the variations in ability between urban districts in general.

The difference shown in the ability of the rural municipalities of Armstrong and Chatfield, when the number of pupils enrolled is introduced as the measure, is due to the much larger number of children per classroom in the municipality of Chatfield. Classrooms in this municipality are crowded while but a few children attend several of the rural schools in the municipality of Armstrong.

An examination of 259 rural school districts in twenty-four rural municipalities for the year 1929 showed that the median assessment on the equalized basis per municipality varied from \$15,000 to \$285,000 per school district. An examination of 55 graded school districts in 23 rural municipalities for the year 1929 showed that the assessment per pupil enrolled varied from less than \$1,000 to over \$9,500 per school district.

Variations within the same municipality, due to enrollment and to the size of school district may be illustrated by four districts in the rural municipality of Dauphin. Data for comparison on this basis are compiled in Table X11.

TABLE X11

School	Area in quarter sections	Average assessment Per Quarter Section	Total Enrollment	No. of Teachers
Rigby	40	\$1,240	25	1
Sandringham	78	1,050	16	1
Wilson River	67	1,910	65	2
Trembowla	68	1,140	79	2

The school district of Rigby with slightly greater possibilities for income per quarter section has but half the area of the Sandringham district, yet each must make equal provision for the minimum programme of a one-room rural school. The Trembowla district with approximately the same area as the Wilson River district, but with less productive land, must make the same provision for a minimum programme for a two-room school. These are not uncommon situations in rural Manitoba. The size of district as well as the productivity of land is quite a frequent factor in the inequality of ability between rural school district

On the basis of assessment it is quite evident that very wide variations exist in the ability of school districts to provide educational facilities.

Income as a measure of ability:- The rural municipalities of Chatfield and Roland, and the city of Winnipeg are taken to illustrate variations in ability as measured by income. The first is typical of sub-marginal rural municipalities with comparatively large school populations. Roland is possibly the wealthiest rural municipality per acre of the rural municipalities of Manitoba. Winnipeg is the one large city.

A study of the rural municipality of Chatfield over the period 1925 to 1929 showed that at the very outside the value of grain, stock, dairy products, wood, pulp and poultry sold or bartered, plus the income from working out would not exceed \$100,000. R. W. Murchie found in his study of cash income for the municipality of Roland during the period 1921-1925 that the cash receipts for grain, live stock and dairy products amounted to \$872,820. Adding receipts from local trade, threshing, labour, poultry etc., would without doubt raise this to the sum of \$1,000,000. During the period 1925 to 1929 this income would in

all probability be increased, so that, the above estimate could be considered conservative.

The 1921 Census gives the total of salaries and wages earned in the city of Winnipeg for that year as \$75,385,756. It is estimated that the average salaries and wages earned in the city of Winnipeg during the period 1925 to 1929 would amount to at least \$85,000,000. Income from all other sources would, at a very conservative estimate, raise the amount of current cash income to \$110,000,000. On the basis of these estimates and the number of pupils enrolled in the schools of the three municipalities at 1929 the measure of ability per pupil enrolled would amount as shown in Table XlII. The variation shifts when the test of cash

TABLE XlII

VARIATION IN ABILITY AS MEASURED BY INCOME AND THE NUMBER OF PUPILS ENROLLED IN THE RURAL MUNICIPALITIES OF CHATFIELD AND ROLAND AND IN THE CITY OF WINNIPEG

Municipality	Current Cash Income Per Pupil Enrolled On the Basis of the 1929 Enrollment
Chatfield	\$221.7
Roland	1, 883.2
Winnipeg	2, 647.5

income is applied. The difference is not so great for the two rural municipalities but is quite marked in the case of the rural municipality of Roland, and the city of Winnipeg. Not only does it show the variation in ability but also points to the truth of the statement formerly made that income rather than the assessment of real property is the true measure of ability to pay taxes.

Inequality in educational provisions:- The result of inequality in ability to provide educational facilities may be shown by the programme provided, by the qualification and experience of the teachers employed, or by the Grade attained by the pupils. The municipality of Chatfield is handicapped in so far as educational progress is concerned through having a large population of Non-Anglo Saxon people. But it is reasonable to assume that with better schools, over a period of years, this handicap would have been removed in part at least. Roland has one High school and one Intermediate consolidated school. The city of Winnipeg at 1929 provided educational facilities up to Grade XII. The enrollment of pupils by grades for municipalities was as follows for the school year 1929-30:

TABLE XlV

ENROLMENT AND PERCENT ENROLMENT OF PUPILS BY GRADES IN FIVE MUNICIPALITIES FOR THE YEAR 1929-30

Municipality	Enrolment in Grades			Percent Enrollment in Grades		
	I - IV	V-VIII	IX-XII	I-IV	V-VIII	IX-XII
Armstrong	126	76	3	60.9	37.6	1.5
Chatfield	372	79	0	82.5	17.5	0.0
Miniota	226	162	82	48.1	34.5	17.4
Roland	254	195	82	47.8	36.7	15.5
Winnipeg	...	...	...	47.3	37.9	14.8

The municipalities of Armstrong and Miniota are introduced in Table XlV to show the situation in a sub-marginal rural municipality of mixed population, and that in a rural municipality of Anglo-Saxon population, high productive land, and operating under a municipal school board. The information compiled in Table XlV is sufficient to indicate the product of schools operated under conditions of income which enable the district to employ teachers of high qualifications and for a considerable period of years. It furnishes evidence of the holding power of the better school in wealthier communities.

It is interesting to note the distribution of secondary school costs in communities of varying ability. In making this comparison school costs are taken for the school year 1929-30. Short term loans and large replacement costs are omitted. In 14 low-assessment rural municipalities, representing lands of low productive power, 9.4 percent of all cash expenditures for schools was devoted to secondary education. In 13 high-assessment rural municipalities, representing lands of high productive power, 17.2 percent of all cash expenditures for schools was devoted to secondary education. The school population may be larger in the low-assessment municipality, the wealth and income behind each pupil much less, the expenditure for each pupil much less, and the length of school year shorter. At the point in our population where the percentage of Non-Canadian extraction is largest, where the light of our educational system should be the strongest, under the present system of financial administration, and the distribution of educational facilities, we as a people make the least effort.

Inequality of ability and teachers salaries:- Although the salaries of teachers are not made dependant upon the ability of individual districts to provide, yet there is an important relationship between salaries and regional income. There is also an important relationship between teachers' salaries and the unit of control.

The average salary paid to teachers throughout the Province at 1922 amounted to \$1,287, at 1925 to \$1,201 and at 1930 to \$1,217. The median salary paid to 170 rural teachers in sub-marginal areas amounted to \$778.1, and to 159 rural teachers in wealthier areas to \$862.6 at June 30th., 1930. The difference in these two situations is largely one of ability.

An investigation made by the Manitoba Teachers Federation of salaries of teachers in 1085 rural schools for the years ending June 30th., 1931 and 1932, showed an average salary for the year 1930-31 of \$856.02, and for the year 1931-32 of \$728.69. It was shown in Table VI, page , that the total reduction in school levies for all Manitoba, at December Thirty-First, 1931, amounted to \$256,000. It is quite safe to state that the major part of this could be attributed to the reduction in teachers' salaries for 1931-32 when it is known that the reduction in salaries for 1085 rural schools amounted to \$140,341. For the school year commencing September First, 1932, a still more serious reduction has taken place in the salaries of rural teachers.

Under present economic conditions exception cannot be taken to a reduction in teachers' salaries, providing the reduction is in keeping with that for other classes of salaried employees throughout the Province, and distributed somewhat uniformly over all according to training, experience and tenure of position. The study made by the Teachers Federation showed that the variation in the salaries to rural teachers for the year ending June 1932 ranged from \$440 to \$1400 with a mean salary of \$728.69. There were a sufficient number centring around \$550 and \$1,000 to say that in general the range varied from \$550 to \$1,000. Although qualifications are receiving a greater measure of recognition in hiring teachers for rural schools that is not universally true. Experience and tenure play a less important part. Under present economic conditions, when more than ever before, teachers are securing the home school, qualifications, experience, and tenure tend to be less important factors in the gradation of teachers' salaries from \$550 to \$1,000 in the rural schools of Manitoba.

It was stated that ability is not the only factor in this ridiculous spread in the salaries of rural teachers. However, it may be seen as a factor when comparing income in rural and urban situations. The farmer's income is below production cost. Salaries paid to public servants are the first item of public expenditure seen, and the first item attacked in the effort to reduce taxation. When competition for position is exceedingly keen rural trustees fail to recognize the fact that the morale of a whole teaching body is at stake. This is not the case in all rural school districts. It is not the case in all town and village districts. It is not true at all of city school districts. Hence one finds the salary in rural and to some extent in village districts, being reduced from 0 to 50 percent while that in other districts is reduced but slightly and with great hesitation. The present salary

situation is the product both of variations in regional income and of the system of district control over salaries. The weakness of a system which functioned very well under frontier and pioneer conditions is made apparent under the partial collapse of the more complex economic conditions of today.

CHAPTER 1V

PROVINCIAL AID TO EDUCATION AND ITS DISTRIBUTION

Introduction

Provincial aid should be understood as that contribution which the people as a whole give to educational services. Such contributions of a general nature are paid out of the incomes of individuals or of corporations. There are no other sources. The Provincial Treasurer's Department is but the distributing agent for monies received from these sources. The Legislature determines how these monies shall be spent and the Government administers the spending. Nevertheless it is money paid out of the incomes of the people that is being spent. It follows that monies which may be utilized to increase the amount of Provincial aid to education must be sought through the reduction of other Provincial expenditures, or through increased taxation upon income, no matter what the tax mechanism employed. It must also be understood that the distribution of Provincial aid to education is believed to represent the contribution of those who are considered financially stronger to those unable to provide educational facilities commensurate with the universal ideals of a provincial system of public schools. It is the purpose of this chapter to indicate trends in the distribution of provincial aid to education in Manitoba during recent years. An effort will also be made to show the worth of present methods of distributing provincial aid to education, particularly their value as an equalizer of educational opportunity.

In the distribution of provincial aid there must be taken into consideration contributions which are of general value to all. Individual school districts are not the only concern of the Province. There are educational services of a general nature which lie quite beyond the ability of school districts to provide locally. Naturally such services as teacher training, inspection, provincial examinations, the administration of the P. S. Act, etc., come within this class of general educational service. Such services are an essential part of a modern system of public schools, in fact, until such services are provided we cannot have what may be termed a system of education. They form the core and driving force of the whole educational structure. The growth of these services and the increasing cost of their administration are phases of the efforts to provide educational facilities for an increasing population. They are also phases of the general improvement of the whole educational structure in keeping with the demands of a new day and a changing civilization. The cost of these services represents the general overhead of the whole public school system. It represents a direct contribution by all to all. As such its value and its cost should not be lost sight of when discussing the problem of distributing provincial aid to school districts.

Changing Emphasis in the Distribution of Provincial Aid to Education.

Before entering upon the discussion of provincial aid to education it is valuable to note the relation between the provincial contributions made to education and to other services. Table XLV shows this relation for the closing year of three decades, 1910, 1920 and 1930. Provincial aid to education and to other services retained approximately the same position at 1910 and at 1920. At 1930 education received a larger measure of support than at the close of either of the previous decades. The increase of provincial aid to education at 1930, as compared with that at 1920, represents an increase of 19.5 percent for education as compared with that for all other provincial purposes. Out of an increasing provincial expenditure education has received an increasing share since 1920.

The question arises as to the comparative importance of all provincial services. This question also arises when one undertakes to compare the local contribution to public schools with the cost of all other municipal services. But the moment one undertakes to examine the relative importance of services, education rises above that of building roads and laying pavements. The latter is largely local in its benefits, the former universal in its effects. The school district does not encompass the product of its school neither should it limit its possibilities for universal good. All progress appears to depend upon the intelligence and health of our people. The increasing contributions to education and health services would appear to indicate a recognition of these larger values. They would appear to point to the thought that a large measure of local control over services of such general value are not in keeping with the progress of the day.

Table XV shows that while grants to schools have increased by approximately 318 percent during the period 1910 to 1930, there has been an actual decrease of 14.1 percent when compared with the total of provincial aid to education. In other words the increase to general educational services has been proportionately greater than that to public school districts. This changing position in emphasis on school grants can be attributed to several factors. In the first place the increase in the number of school districts has not been so rapid in recent years, the district system in older Manitoba was pretty well filled out at 1910, this is particularly true of towns and villages. Again the University as a provincial institution came into being at 1913; its control as a provincial institution was more than ever marked at 1917. At 1910 the grant to the university amounted to \$20,000, at 1930 to \$500,000. Smaller items could be cited all of which would show that the disproportionate increase in aid to general services has been due to the rapid development in the university and in lesser educational services.

TABLE XV

THE DISTRIBUTION OF PROVINCIAL AID TO EDUCATION AT TEN YEAR INTERVALS 1910 - 1930

Year	Percent Prov. Aid to Educa- was of all Prov. Expen.	Total Prov. Aid to Educa.	Total Prov. Grants to Schools	Percent Prov. Grants to Sch. all Prov. Aid to Educa.	Total Prov. Grants to Elem. Schools	Percent Grants to Elem. Schools were of all Prov. Aid to Educ.	Total Prov. Grants to Sec. Sch.	Percent Grants to Sec. Sch. were of all Prov. aid to Educa.
1909-10	14.04	\$454,618	\$309,247	68.1	\$270,904	59.5	\$38,523	8.5
1919-20	14.62	1, 331,861	748,934	56.2	4,934	49.2	93,505	7.0
1929-30	17.57	2, 396,325	1,294,323	54.0	944,491	39.4	349,831	14.6

Although grants to elementary schools have increased by 248.5 percent during the period 1910 to 1930, they have actually decreased by 20.1 percent of the total of provincial aid to education. This does not mean that there has been a decrease in the elementary grant per classroom, on the contrary this particular grant has increased from 65 cents to 75 cents per teacher per day. Grants to elementary schools in sub-marginal areas have in some instances increased from 65 cents to as high as \$4.00 per teacher per day. As formerly stated the explanation of the comparative reduction is to be found in the increasing cost of general educational services to the province. It is also to be found in the increased aid given to secondary schools.

Grants to secondary schools have increased by 808.1 percent during the periods 1910 to 1930. From 8.5 percent they have increased to 14.6 percent of all provincial aid to education. Grants to secondary schools are a large factor in the changing position of grants to elementary schools.

Now Service and Waste in Educational Expenditures Limit the Equalizing Power of Distributing Funds

It has been stated already that the increasing number and cost of all public services, whether provincial or municipal, limit the ability of either unit to meet the increasing demands of public educational institutions. The very same principle may be seen operating within the amount of provincial aid to all educational services. The increasing contributions from the Provincial Treasury to secondary and university education limit the ability of the province to extend increasing aid to elementary education, particularly during periods of general depression. Similarly they are factors in limiting the ability of the province to extend aid to marginal and sub-marginal areas during normal times, and for either elementary or secondary education within these areas.

It has been pointed out that the maintenance of schools in sub-marginal municipalities is of itself a limiting factor in the general support of public schools. Table XVI shows the altered position of local and provincial aid for ten sub-marginal rural municipalities and the financially weak residential suburb of Brooklands, during the period 1921 to 1930 inclusive. As local aid

TABLE XVI

LOCAL AND PROVINCIAL AID TO SCHOOLS IN ELEVEN MUNICIPALITIES AT 1921 AND 1930

Item	Year	
	1921	1930
Local Aid to Schools in 10 rural municipalities	\$171,090	\$123,358
Provincial aid to same	25,677	70,950
Local aid to Schools in Brooklands	30,510	20,656
Provincial aid to Brooklands	1,457	19,597

decreased provincial aid increased. Even with this large additional assistance many schools were operated for eight months and facilities for secondary education were very limited indeed. In several instances municipalities were disorganized in order that school services might be maintained.

The attempt to maintain schools for a widely scattered and diminishing population has been costly for all concerned, and in many instances has imposed an unnecessary burden on the province at large. This may be illustrated by reference to the rural municipality of Armstrong. For the year ending June 1920, there were 335 pupils enrolled in the 14 rural schools then in operation. For the year ending June 1930 there were 202 pupils enrolled in the 13 rural schools in operation. It has been demonstrated during 1931 and 1932 that through introducing the transportation of children this area could be served by eight rural schools at a reduction in cost of approximately \$2,500.

The school of small enrolment, which may be eliminated without educational loss to the children, is not confined to sub-marginal areas. The records of the Department of Education for the year ending June 30th., 1930, show that there were 364 schools throughout Manitoba with an enrolment of 15 or less. The actual attendance at any one time would be even less than the enrolment. It is safe to estimate that at least one-third of these schools might have been eliminated, just as efficient educational service rendered, and a school cost of approximately \$150,000 greatly reduced.

Provincial expenditures for the operation of unnecessary schools constitute a sheer waste of public funds and an unnecessary levy upon the general income of the people. It cannot with reason be contended, where the school population has been reduced to numbers that may be transported with greatly reduced cost, or some other satisfactory method of administration applied, that the costs of a full-time school should be maintained no matter who pays the bill. One of the first essentials to readjustment is a full and complete realization of the need to abandon the idea that the little old school must be operated at any cost to the locality or to the province at large.

Rural municipalities as well as the provincial government are concerned with any unnecessary duplication of school costs. The General Municipal grant to schools of \$3.60 per day is levied over all taxable property in the municipality without regard to school district boundaries. The school funds raised by this levy, together with the Legislative grant, have not infrequently been sufficient to eliminate the necessity for a Special school district tax, or at least to reduce it to a minimum. Under such circumstances the municipality as a whole has the moral if not the legal right to be interested in the expenditure of school monies raised by the General Municipal levy. This is particularly true of sub-marginal municipalities in which almost the entire school bill is raised by one general levy and apportioned on the basis of the number of teachers employed. It may be stated with equal force that municipal expenditures for the operation of unnecessary schools constitute a sheer waste of municipal funds and an unnecessary levy upon the income of the people of the municipality concerned.

Provincial and Local Aid to Schools Compared

Table XVII contains a statistical summary of the relation between provincial and local aid to education. It is evident

TABLE XVII

RELATION BETWEEN PROVINCIAL AND LOCAL AID TO EDUCATION AT INTERVALS,
1923 TO 1930

Year	Percent Prov. aid to Education for all Purposes Was of Local Levies	Percent Prov. Grants to Schools Was of Local Levies	Percent Receipts From Prov. Grants Were of Tax Receipts and Prov. Grants Combined
1923	27.7	14.7	11.0
1925	28.2	15.8	13.3
1930	30.3	16.2	14.1

that provincial aid, both to education in general and in grants to schools, has increased slowly but steadily since 1923. It is also evident that they have increased more rapidly than has local aid to schools. As already pointed out the increase in provincial grants to schools since 1923 has been absorbed largely through additional assistance to weak schools, and through assisting to finance the ever increasing enrolment of the secondary schools.

A statistical comparison of the effort made by the nine provinces of Canada to support public schools is given in Table XVIII for the year 1930. The effort made by each province is measured by the receipts of school districts from government grants and from municipal taxes. Aid from Clergy Reserve funds and similar sources is not included.

Although the Province of Prince Edward Island gave the largest percent in government grants for all nine provinces, and out of its total provincial expenditure contributed the largest percent of any province, yet it made the least educational effort per capita of any of the nine provinces. The comparatively small effort per capita for the three Maritime provinces renders their contribution for grants to schools incomparable with those of the other six provinces. The same amount of government grant per school forms a much larger part of the total receipts by the school district than is the case where the cost is comparatively much larger. Hence, only the six provinces west of the Maritimes admit of comparison in this regard.

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TABLE XVlll1

COMPARISON OF THE PROVINCIAL AND LOCAL EDUCATIONAL EFFORT FOR THE NINE
PROVINCES OF CANADA FOR THE YEAR 1929-1930

Province	Per Capita Expon. for Elem. and Sec. Education on the Basis of the 1931 Census	Percent Grants Were of Prov. Gov. Expen.	Percent Receipts From Grants Were of Grants and Tax Receipts Combined
P. E. I.	\$5.64	22.9	61.7
N. S.	7.74	11.6	23.1
N. B.	7.63	6.7	15.7
Que.	11.13	12.6	15.5
Ont.	15.36	9.3	10.3
Man.	13.01	9.3	14.1
Sask.	14.69	14.3	18.7
Alta.	14.73	8.8	12.6
B. C.	14.41	14.9	37.4

Statistics for the year 1929

Of the six provinces, extending west from the province of Quebec to British Columbia, Manitoba ranked fifth in the effort per capita, fourth in the percent which government grants to schools were of all provincial expenditures, and fourth in the relation which receipts from government grants bear to local effort. Of the four western provinces Manitoba ranked fourth in effort per capita, third in the relation which grants to schools bears to all provincial expenditures, and third in the relation which grants to schools bear to receipts from local taxation. As compared with the other three western provinces it cannot be said that Manitoba is extravagant, either in its school costs or in the contributions which the province makes to the support of public schools. The contributions by the various provinces to educational services of a general nature are not available. The outstanding example of effort to support schools is that of the province of British Columbia which ranks fourth of all provinces in the effort per capita, first in emphasis on education when measured in terms of all provincial expenditure, and second among all nine provinces in the percent of provincial grants to schools.

Provincial Aid as an Equalizing Factor

During the past decade the distribution of provincial grants to public schools shows a greater tendency to recognize the ability of the local unit. The principle underlying the Legislative grant per teacher employed is much more a recognition of effort to set up the minimum programme required by law than it is the recognition of ability to maintain a minimum programme for ten months of the year. This is to a less degree true of grants to secondary schools and for transportation. It is true to a less degree because the additional load borne brings the school district concerned nearer to the margin of its ability to provide, hence nearer to the point at which the distribution of special aid is a necessity. However, none of these grants are distributed on the principle of ability. One school district having lands and industrial or business enterprises of high earning power may draw the same amount of grant as a poorer school district, or a large district may draw the same grants as a small district of the same comparative earning power. All districts are treated as if they had equal income producing power. Under the present method of distributing these grants all districts are treated as if they had the same number of children per teacher to educate, the same strength of teaching staff, and the same comforts as to buildings and equipment.

Inequality due to the size of district was shown in Chapter lll. The application of the per teacher grant to such a situation makes it obvious that it cannot operate to any marked degree as an equalizing factor among districts of varying size. The inability of this grant to operate as an equalizing factor among districts of varying ability as to income is demonstrated in Table XlX by a comparison of tax rates and provincial grants for 16 rural school districts located in seven rural municipalities. Assessment and tax rates are not accurate measures of ability or effort but they do bear

some relation to income and will serve to illustrate the point. Although the variation in the tax rate per \$1000 of the Equalized assessment ranges from 4.6 to 24.0, the range in provincial grants is but from \$125 to \$213. It is quite evident that any attempt to extend this form of grant would but exaggerate the inequalities already existing. Except for the sum of \$165,000 distributed to weaker school districts in 1929-30 the methods employed to distribute provincial aid do not tend to equalize ability to support schools.

This in turn raises the much more difficult problem, that of setting up a plan for the distribution of grants for a host of small school districts, of varying size, distributed over a wide range of community types of varying income producing power. Assessment is not an adequate measure of ability, and to attempt to arrive at the income paying power of

TABLE XLX

TAX RATES IN MILLS ON THE EQUALIZED ASSESSMENT FOR SIXTEEN UNGRADED RURAL SCHOOLS FOR THE YEAR 1929, AND GRANTS PAID TO THE SAME SCHOOLS FOR THE YEAR ENDING JUNE 1930

Municipality	School District	Tax Rate on \$1000 of the Equalized Assessment	Provincial Grants
Dauphin	Fairville	6.4	\$136
	Rigby	15.6	126
	Gartmore	7.6	132
	Ripon	17.1	131
	Sandringham	8.2	137
Shell River	Deepdale	14.5	136
	Hillcrest	7.8	154
	Glenedon	15.1	126
Brenda	Addington	8.8	131
Strathcona	Clifton Bank	10.2	161
Roland	Utopia	4.6	131
	Bloomfield	10.9	127
Glenella	Grass Marsh	13.7	142
	Herriot	23.3	125
Coldwell	Chalton	12.7	213
	Camper	24.0	184

many so small units would be an impossible task. Turn where one may the school district as a unit of finance is not only inadequate but is a definite hindrance to progress toward equality of opportunity for an education.

The General Municipal School Levy as an
Equalizing Factor

The General municipal grant for school purposes is an important equalizing factor within a rural municipality but not beyond the boundaries of that unit. The effect of the operation of this grant is shown in Table XX for eight school districts in four rural municipalities, Dauphin, Dufferin, Thompson and Eriksdale.

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TABLE XX

THE OPERATION OF THE GENERAL MUNICIPAL LEVY IN EIGHT SCHOOL DISTRICTS OF
FOUR RURAL MUNICIPALITIES FOR THE YEAR 1930

Municipality	School District	Levy above School District needs	Receipts from Other School Districts Through the General Levy
Dauphin	Gartmore	\$485.00	\$.....
	Trembowla	.....	284.00
Dufferin	Boyne	212.00	.....
	Emberly	.....	399.00
Thompson	Sharon	231.00	.....
	Mount Nebo	.....	312.00
Eriksdale	Scotch Bay	137.00	.....
	Deerhill	.....	123.00

The Public Schools Act requires that the General Municipal levy for schools be paid to each school district "whether the necessary amount has or has not been fully collected from the tax levied for the same". During periods of local or general depression municipalities have been compelled to levy to cover arrears of taxes to provide for the General Municipal levy for schools in full. Under such circumstances the better lands are forced to bear the brunt of this general tax, and arrears in lieu of it as well. All other major municipal levies must give way to this general tax. When this tax like any other levied against property is at the peak an economic depression forces it beyond the point which the income from property can pay, and its value as an equalizer is liable to become a burden upon municipalities having a considerable area of marginal or sub-marginal lands. The principle underlying the levy is sound, its compulsory clause works a hardship under certain conditions, particularly if the remaining load places too heavy a burden upon real property.

The Equalizing Value of all Grants Combined

It has been stated that the General Municipal levy has no equalizing value beyond the boundaries of each municipality. There remains to be shown that all grants combined do not produce equality of educational opportunity. Once again the Equalized assessment is used as the measure of effort necessary to support the educational provisions made at present in six rural municipalities. Income would be a much more satisfactory measure were it available. Statistical data compiled in Table XXI shows the local and provincial rates of aid necessary to support the school programme of 1929-30 in the six municipalities of Armstrong, Bifrost, Chatfield, Dauphin (rural), Dufferin and Hamiota. No provision whatever was made for secondary education

TABLE XXI

LOCAL AND PROVINCIAL AID PER \$1000 OF THE EQUALIZED ASSESSMENT FOR SIX
RURAL MUNICIPALITIES FOR THE YEAR 1929-30

Municipality	Local and Provincial Aid Per \$1,000 of the Equalized Assessment	
	Rate of Local Aid	Rate of Provincial Aid
Armstrong	27.7	25.9
Bifrost	16.1	5.4
Chatfield	15.0	9.8
Dauphin (rural)	10.4	1.7
Dufferin	9.5	1.6
Hamiota	12.3	3.9

in the rural municipalities of Armstrong and Chatfield. One secondary school department was operated in the rural municipality of Bifrost. Three secondary school departments were operated within Dufferin municipality and four in Hamiota. The former includes the town of Carman, the latter the town of Hamiota. In addition the consolidated school districts of the municipalities of Hamiota provide transportation for the majority of the rural children, Dufferin for those of two districts.

In spite of the larger grants to Armstrong and Chatfield municipalities not only were they unable to operate secondary school departments but several of the schools were operated for eight months only. It is quite evident that all grants, operating at present, do not serve to equalize educational opportunity as between the wealthier and the poorer areas.

From the discussion in this chapter it is evident that to provide a more adequate measure of equality of educational opportunity, and greater equality of remuneration for teaching services, the distribution of provincial aid must to a greater degree recognize the ability of communities to provide educational facilities. It is evident that the school district as a unit of finance has become a false unit, and ill-designed to cope with the conditions of today. It is also evident that some adjustment should be made in the operation of the General Municipal levy for schools. Owing to the recent reductions in the salaries of rural teachers the General Municipal levy, plus the Legislative grant, more than provide for the teaching situation and reduce still further the necessity for a Special district levy.

CHAPTER V

The Unit of School Finance and Comparison of State and Local Aid in Several Countries.

Before entering upon a further discussion of the unit of school finance and the relative proportions of provincial and local aid it is important to note trends in other countries and provinces.

Scotland

"The local Government (Scotland) Act, 1929, effected important changes in the local administration of education in Scotland. For fifty-eight years this had been entrusted to an independent body elected for that purpose only. On May 16, 1930, however, the Town Councils of the four counties of cities (Edinburgh, Glasgow, Aberdeen and Dundee) became the education authorities for these areas; and the County Councils, reconstituted to include for this purpose representatives of the large burghs situated therein, became the education authorities for the counties. The counties of Perth and Kinross and Moray and Nairn were combined. The local administration of education in Scotland has thus been associated, under the same authority, with that of the other chief local services".¹⁰

"The guiding principles underlying the public support of education is that education is partly a national and partly a local responsibility, and that accordingly the cost should be met partly by national taxation and partly by local taxes. At the present time the amounts derived from the two sources are approximately equal (1925-26, 56% from state grants, 43% from local rates). The state provides for the inspection of schools in order to ensure their efficiency, but it leaves the supply of schools and the internal management of them to local control, and it is also the duty of the authority on the spot to devise and put into operation schemes of education suitable to the locality. This division of financial responsibility gives scope for freedom of experiment and local initiative, which would be impossible under an entirely centralized system. On the other hand, the central supervision and inspection of the Education Department ensures a high and fairly uniform standard in all localities."¹¹

M. B. Local control means county control.

10. Board of Education, The Year Book of Education 1932. London, England: 1932, P. 52.

11. Alexander Morgan, Rise and Progress of Scottish Education. Edinburgh : Oliver and Boyd, 1927. P. 173.

In England and Wales 63 County Councils and 83 County Borough Councils have authority over both elementary and higher education, while 140 Borough and 40 Urban Councils have authority for elementary education only. Three hundred and seventoon Boards administer 32,056 elementary schools, 1,354 high schools, and 115 technical, art and adult schools. Within the council is an Education Committee. The distribution of duties within this administrative body may best be shown by the following quotation from the 1932 Year Book :

"In all cases the Council is the Local Education Authority, but, under Section 4 of the Education Act, every Council must refer all matters related to the exercise of its education powers to an Education Committee, except the power of raising a rate or borrowing money, and must receive and consider the report of the Committee before exercising its powers in any such matter, except in case of urgency. Further, it may delegate to the Committee any of its powers except the power of raising a rate or borrowing money. The statutory Education Committee must be constituted in accordance with a scheme approved by the board of Education. The majority of its members must be members of the Council; co-opted members may be appointed who should consist of persons of experience in education, or persons acquainted with the needs of the various kinds of schools of the area; and women as well as men must be included among the members of the Committee. The Education Committee tends - especially in counties, to a lesser degree in county boroughs and urban districts - to assume a more responsible and independent position than any other committee of the Council, owing to the range and intricacy of its duties. . . , in many areas a great part of the work of the Committee has been left to the co-opted members, and this, in its turn, has served to emphasise the division between the committee and the Council. With the steady relaxation of the Board's detailed control in recent years, however, the Councils are probably now tending increasingly to realize and take advantage of their position as the Education Authority". 12

"The Board of Education may on the application of two or more Councils having power under the Education Acts by scheme provide for the establishment of a federation for such purposes relating to matters of common interest concerning education when it is necessary or convenient to consider in relation to areas larger than those of individual education areas". 13

London: "The Education (London) Act 1903, applied to London the Education Act, 1902, with the important difference that, unlike other counties, the whole of the Administrative county of London was made a single unit for all education purposes".

"The Education Committee are assisted in the administration of elementary education by statutory bodies of managers for both provided and non-provided schools. . . . In all, about ten thousand men and women give voluntary assistance in connection with the administration and control by the Council of the London education service". 14

For the year 1930-31 the Estimated Total Gross Maintenance Expenditure on all Education Services for the city of London amounted to £13,391,493. Of this amount 63.0 percent was for elementary education, 11.4 percent for secondary schools and teacher training, 11.4 percent for technical education, etc., 7.2 percent for special services, and 7.0 percent for administration. "The net maintenance expenditure falling upon the rates for 1930-31 was £6,645,668.15. Approximately 50 percent of the maintenance expenditure was raised locally.

12. The Year Book of Education, 1932. PP 20-21.
13. Ibid. P. 21.
14. Ibid. P. 28-29.
15. Ibid. P. 32.

A Typical County.- "The administrative county area extends over one million acres, and includes not only large and populous industrial areas but also scattered and remote rural districts. The total population is approximately 1,850,000 persons. Its elementary schools number 681, with 129,000 pupils and 4,200 teachers. Only one-fifth of these schools are council or provided schools....Similarly, in the field of technical education, with its manifold needs, this authority maintains 354 technical, art and evening institutes, with 39,400 students in attendance, 8 junior technical day schools, and 3 day continuation schools. It maintains 41 secondary schools, each with a separate governing body, and aids six others in its area. (Other services come under its direction),....Its total expenditure on education for the current year is estimated to amount to £2,433,242". 16 Although this figure represents the major cost it may not be taken as the final cost, unless the total expenditures for non-provided schools are included therein.

Source of Funds.-

"It will be remembered that the main sources of public funds in England are

(a) grants paid by the Government mainly to local authorities, and raised for the most part by the ordinary processes of taxation (income tax, death duties, customs and excise), and

(b) rates levied by the local authorities, on the basis of the annual value of land, buildings, machinery etc., occupied or used by the ratepayer" 17

Government and Local Contributions to Education - Funds
available for non-university education in 1930-31 may be summarized as follows: 18

Government Grants.....	£46,184,040	.....55.5%
Local rates.....	£36,933,242	.....44.4%
Total from Public Funds		
	£83,117,282	100.00%
Other sources.....	£ 7,445,732	
Grand Total.....	£90,563,014	

Meeting the Financial Crisis at 1931 - It is interesting to note how a system organized in large units and heavily subsidized by the central government was able to meet the financial crisis of 1931.

"The budget introduced in the following month provided for a reduction of £9,400,000 in the estimated expenditure of the Board of Education in 1932-33. The bulk of this reduction was effected by abolishing the 50 percent minimum of grant to local authorities, fixing the grant in respect of teachers' salaries in the grant formula at 50 percent, instead of 60 percent, and making an aggregate cut in the teachers salary scales of 15 percent...The cut in teachers' salaries was subsequently reduced to 30 percent. 19

Australia

"In no other considerable English-speaking country is the whole of the administrative detail centralized, as it is in each Australian state, in a state department of education which without the assistance of local authorities establishes schools, prescribes courses of study, trains, appoints, and promotes teachers, and is responsible for

16. Ibid. PP 42-43.

17. W. H. Perkins- Educational Yearbook of the International Institute of Teachers College Columbia University, 1928. P. 5.

18. Year Book 1932, Op. Cit. P. 82.

19. Ibid. P. xxviii.

the efficiency of individual schools as well as for the well-being of the system as a whole.During the past thirty years I have been privileged to visit and inquire into school systems in every important part of the Empire, and I have found in Australia as much evidence of educational progress, of efficient and sympathetic control, of flexibility of curriculum and methods to suit special conditions, and of keen local interest in school affairs, as may be met with elsewhere". 20

"There is no system of local administration or of local taxation for education. All expenditure is met from the revenue of the state and is voted by Parliament". 21

"Its population of 6,476,000 is almost entirely of European origin...The distribution of population is remarkable, for considerably more than half of the whole population is in urban areas either metropolitan or provincial. The rural population is about 40 percent of the whole, and is spread over a vast extent of territory". 22

"Elementary education is free in all states. Small fees are charged in several states for pupils in high schools and technical schools, but in such cases there is provision for remission of fees in necessitous cases". 23

There were 944,813 pupils enrolled in all but the technical schools for the year 1929. The cost of primary, secondary and technical education, exclusive of buildings and sites amounted at 1928 to 29,750,509.

"School committees play an important part in improving the general conditions of the local environment, but they cannot be compared with the local authorities in Great Britain or in some of the Dominions". 24

"Australian teachers are public servants, and enjoy security of tenure and other privileges usually accorded State officers. Their salaries are fixed by Parliament or other statutory authority, and the Act usually provides very definitely the method by which appointments and promotions are made. As a rule teachers are classified by a prescribed authority and their relative positions within a class are fixed after consideration of the records". 25

New Zealand

By the Education Act of 1977 a central Department of Education, 12 Boards of Education in as many districts, and local school committees constituted the administrative framework of the school system. The chief powers and duties allocated to each authority are indicated by the following quotations:

School committees.- "Every school in the country was to have a school committee consisting of seven members elected by ballot by the local householders from their own number....The most important of their duties were to provide and maintain school houses; recommend teachers for appointment, and suspend or dismiss teachers, subject to the Board's confirmation, etc." 26

The Education Boards.- "The powers and duties of the Boards were, to set up school districts and, in conjunction with the Committees, to establish and maintain schools; appoint and remove teachers;..... to appoint their own inspectors of schools, secretary and office staffs". 27

The Central Education Department.- "Its chief duty was to distribute to the Boards the statutory capitation grant and such other moneys as might be voted by Parliament for special purposes. ...For over twenty years the annual administrative expenditure of the Central Office

20. Yearbook, Op. Cit. P. 570.

21. Ibid. P. 574.

22. Ibid. P. 571-72.

23. Ibid. P. 576.

24. Ibid. P. 574-75.

25. Ibid. P. 575.

26. A. G. Butchers Education in New Zealand and Dunedin Coulls Somerville Wilkie Ltd. 1930 P. 9.

27. Ibid. P. 10.

averaged less than £2,500. No provision was made and no power given whereby the Departmental Inspector of Schools, who, by the way was called, at his own request, Inspector-General, could enter and inspect a single school in the colony. Eight years after the passing of the Act the offices of Secretary and Inspector General were combined". 28

Financial Provisions.- "The financial provisions of the system were simple. A capitation of £3 15s. per child in average attendance was payable to the Boards, supplemented by special grants for the establishment and maintenance of normal and training schools, for the erection of schoolhouses, and for any other purpose for which such monies might be applied or appropriated, but such grants were subject to the Department's power of making regulations as aforesaid. Other sources of the Board's revenue were rents and profits from endowments, special fees for higher education, and monies received from donations subscriptions or otherwise. Out of these revenues the Boards were required to make grants to the School Committees for general educational purposes, as well as to maintain their own office establishments, provide for and maintain school playgrounds and buildings, pay teachers' salaries, maintain and educate pupil teachers....and generally defray all necessary expenses incurred both by the Committees (if approved) and by the Board". 29

The Education Act 1914.- By this Act the inspection of schools was nationalized, the powers of the Boards of Education reduced, the number of Boards reduced to seven and to the duties of local Committees were added the responsibilities for sanitary and sewerage work. Sir Thomas Sidney discussing the Bill then before Parliament said:

"The main feature of the Bill is this: that it constitutes a marked step in the direction of centralization...What are some of the proposals in the Bill which exemplify this tendency toward centralization " They are: first, the enlargement of education districts; second, the centralization of the inspectorate; third, curtailment in other respects of the powers of the Boards, as, for example, in the matter of establishing new schools, in the conveyance of children,...and the provision for a Dominion scheme of grading for teachers tend in that direction; and, fourth, the further curtailment of the powers of School Committees in the matter of teacher appointments." 30

The Atmore Report, 1929.- If adopted this Report would give a still larger measure of control to the National Department of Education. The major duties allotted to it are as follows:

1. Distribution of capitation allowances.
2. Payment of teachers.
3. Teacher's Superannuation Fund.
4. Appointment of nominated members of the Boards.
5. Control of the curriculum, certification of teachers, classification of teachers, appointment of teachers, and inspection of schools.

The appointment of teachers should be left to a National Appointments Committee.

"This scheme provides for the setting up of District Boards of Education at eighteen selected population centres conveniently situated throughout the Dominion. The cities and towns chosen are the natural economic centres of their respective districts, and there is no

27. Ibid. P. 10.
28. Ibid. P. 10-11.
29. Ibid. P. 12.
30. Ibid. P. 288.

doubt that the change recommended will secure for the Dominion all the advantages of a decentralized system without sacrifice of nation-wide efficiency or the dissipation of public monies. The provisions made for subsidizing local financial effort for educational purposes are generous without danger to national interests. This will enable many of the amenities of school life which the Department is unable to bear the whole cost of supplying, to be secured with the help of legitimate local effort." 31

"The powers and responsibilities of the School Committees and Councils (secondary) will cover all matters relating to the care of the grounds, buildings, and equipment of the school, the provision of libraries, playing areas, swimming pools, assembly halls, and all those almost innumerable things which create about a school that atmosphere and that tradition without which it is a formal, lifeless thing" 32

"Under the proposed new organization in place of the multiplicity of boards at present existing, it is proposed that eighteen new Boards should be constituted, each of which will be the supreme authority over all forms of primary and post-primary education in its district ". 33

The substance of these recommendations would appear to mean that the Department of Education would be supreme in matters of general educational concern such as the control of inspection, the administration of the teaching provisions, and the curriculum. To the 18 Boards of Education would be delegated the authority for administering the regulations and determinations of the Department of Education. It appears that building provisions would also come under the jurisdiction of Boards of Education. To Local Committees and Councils would be delegated the care of buildings, grounds and equipment. The initiative in the expenditure of public funds rests with the central Department of Education and to a lesser degree with the 18 Boards of Education. Financial control is removed entirely from local committees. Local committees would appear to have no authority over the teaching body. Under this plan the Inspector would become the intermediary agent between the teacher and the Department of Education. He would become an important agent in the matter of school buildings between the Board and the Department of Education. He would become an important agent between the local community, the Board and the Department in the matter of the care of buildings, etc., With the exception of the District Boards of Education, the Province of Manitoba has at present almost all the administrative machinery necessary to give such a proposal complete effect.

British Columbia

The system of school administration for the Province of British Columbia differs from that of Manitoba in certain important respects :

- (1) Classification of school districts.
The municipality, and any territory added thereto for school purposes by the Council of Public Instruction, forms in general the unit of school administration. Community school districts comprising several districts may be formed. There are in addition isolated rural school districts.
- (2) Grants to schools (1931 amendments).
City municipalities 33 1-3%, 40%, 45% and 50% of the amount of the salaries for cities of classes sub. A, Sub-B, Sub-C and Sub-D respectively.
District municipalities 45%, 50%, and 60% for classes Sub-A, Sub-B, and Sub-C respectively.
Rural School districts at the rate of 62% of the monthly salary or a grant of \$58.00, whichever may be the greatest.
Grants are based on the salary schedule prepared by the Council of Public Instruction and given effect on the First day of September 1932.

31. Ibid. P.288.

32. Ibid. P. 576.

33. Ibid. P. 577.

The very large part of the teachers salaries paid out of Provincial funds, and paid according to ability in some measure, prevents any complete collapse of salaries.

- (3) The treasurer of each municipality is required to set apart and to keep in a separate account all school monies. In so far as the monies levied for school purposes, together with the grant, are sufficient the council must appropriate from ordinary revenue for school purposes.

New Brunswick

A Commission on Education for the Province of New Brunswick, reporting in March 1932, recommends as follows:-

"The County, being fully organized for taxation purposes, can, with slight adaptation, be formed into school unit for taxation purposes with most of the necessary machinery already in existence. Indeed, the establishment of a Board or Commission to supervise the estimates of requirements and the spending of the funds is all that is necessary. The machinery for levying and collecting these funds already exists. With such a commission in charge of the general conduct of the schools of the county, much more businesslike handling of school funds would result, economies could be effected in contracts for large quantities of supplies and the borrowing power of the county would be greater than that of the individual districts when capital expenditures on new buildings were required.

Such a commission would receive the budgets of the local school districts, determine the total of the County budget and, after its acceptance by the Chief Superintendent of Education, and deduction from it of the counties share of an Equalization Fund, ... ask the County Council to levy and collect the sum required along with other county taxes". 34

"While the ideal arrangement would be to eliminate the local school districts entirely and place the operation of all the schools directly in the hands of the County School Commission, as is done in most cases where the county has become the educational unit, the situation in New Brunswick is scarcely such, perhaps, as to permit of this. Many sections are sparsely settled and communications in the winter months are difficult. " 35

"Such matters as the oversight of the school and teacher, janitor service, fuel supply, etc., can probably be best attended to under present conditions by a local board of trustees. The number of local districts may, however, be considerably reduced by the union of those within easy reach of each other under one board of trustees. With the financial responsibility lying with the county authority many of the present difficulties with regard to school expenditures will disappear". 36

The Report still further recommends that a Provincial Educational Fund be raised by a tax of \$1.00 per head of population, which would amount to approximately \$400,000, and that an additional sum sufficient to bring this up to \$700,000 be levied on the assessment of property. That grants to school districts on the basis of the number of teachers employed should be made at the rate of \$40.00 for each second class teacher, and \$60.00 for each first class teacher.

34. Report of the Commission on Education Province of N. B. March 1932. P. 15.

35. Ibid. P. 18.

36. Ibid. P. 18.

"Delaware is the only state in the Union that has endeavoured to organize its schools into a single unit administered and supported by the state. As will appear later, the schools of Delaware were formerly administered and supported under the districts system. Within the state today are found three types of school districts: (1) the city of Wilmington; (2) thirteen special districts centered about the larger towns; (3) the remaining districts, largely rural, which compose the rest of the state. Wilmington and these thirteen special districts receive their state school mnnies directly from the state, and control them, and administer them, and expend them, subject only to certain state imposed limitations.... The financial affairs of all the smaller districts are managed directly by the state central office, which therefore not only directs and controls expenditures but actually pays all costs imposed by the individual schools." 37

The cities of Wilmington and Claymont alone provide school revenues for current expenses from local taxes.

The population of Delaware amounted to 224,068 at 1926 of whom 124,000 resided in Wilmington.

The sources of school revenue out of which grants were paid were as follows for the year 1926:

Source	Amount	Percent
Income taxes	\$842,456.05	26.1
Fees for Income Tax	347,091.06	10.8
Corporation Taxes	188,037.57	5.8
Franchise Taxes	1,215,087.83	37.6
General Property Taxes	586,764.72	18.2
Interest on Funds	42,602.00	1.3
Interest on Deposits	3,051.18	.1
Miscellaneous	4,132.20	.1
	<u>3,229,222.61</u>	<u>100.0</u>

Massachusetts

Ninety-five percent of the population of Mass. is urban. In 1915 Mass. derived 97.2 percent of her total public school receipts from local taxation; in 1920, 87.7 percent. In 1915 the state furnished 2.8 percent of the total school revenues. In 1920 she furnished 12.3 percent.

Six types of school units subordinate to the state are to be found in Massachusetts: (1) counties; cities, towns; union superintendency districts; union high school districts; union vocational school districts. In 1921 Massachusetts contained 14 counties, 38 cities, and 317 towns. The fundamental local unit is the town.

Maine

About one half of the State of Maine is unorganized territory This sparsely settled area is placed directly under the State Department of Education and its schools managed by a representative of that Department. In many cases the State agent has the authority of a school board.

37. F. H. Swift. Federal Aid and State Policies in Public School Finance in the Unites States, 1931. P. 323.

General Trends in the United States

"As many as twenty-three states have the county unit system of support in some form. The county has been considered the best unit, chiefly because, in most states, the county is a recognized unit of organization for other governmental affairs." 38

Tendency to increase state aid to schools-

State	<u>% State Aid in 1918</u>	<u>% State Aid in 1924</u>
	<u>of All School Receipts</u>	<u>of All School Receipts</u>
Arizona	21	25
Delaware	27	78
Louisiana	24	26
Mass.	4	10
N. Y.	10	21
Penn.	10	19
S. Carolina	13	25
Texas	41	49
Utah	36	39
Washington	22	27

"Taking the United States as a whole, out of every \$100 provided for public schools in 1926, \$15.90 came from state and a negligible portion of Federal funds. Of this \$15.90, taxes and appropriations furnished \$13.90, state permanent school funds \$1.21, and all other state sources 79 cents. In Minnesota 21 percent of all the entire revenue furnished by the state was derived from the income of a permanent school fund...and in Mass. less than 3 percent". 39

The nine states having the highest percentage of total annual revenue derived from productive permanent school funds are as follows: Wyoming 12.6, New Mexico 12.1, N. Dakota 11.9, S. Dakota 10.1, Nevada 8.6, Texas 8.5, Montana 7.8, Idaho 7.7, and Oklahoma 7.3 percent.

CHAPTER VI

SALIENT FEATURES OF DIFFERENT SYSTEMS OF SCHOOL FINANCIAL ADMINISTRATION SEEN IN RELATION TO THE SCHOOL SITUATION IN MANITOBA

The Unit of Administration

Professor H. C. Morrison writing of the problem of School Finance in the State of Illinois says that "The fundamental apparent cause of neglect seems clearly to be the limited economic resources of many local units of school support." The slow but steady trend toward the larger unit of school finance in English speaking countries confirms this statement. The frontier school district, not out of harmony with the economic conditions of early days, has ceased to function as a self-sufficient unit under modern economic conditions. People are seeking a unit of school finance better able to provide for the growing services which the public school is being called upon to render to the community. The present economic conditions are demonstrating still further that it is falacious to continue to bolster by fictitious means a unit of finance that has been rendered incompetent to carry the load of a new day.

In Scotland, England and British Columbia the county has been adopted as the unit of school finance and administration. In the United States the trend has been toward the county unit. Australia has made the state the unit while New Zealand is endeavouring to find the best possible large economic unit. There does not appear to be any particular reason for limiting the unit to the county or to the municipality beyond

38. Homer P. Rainey, Public School Finance, N. Y.: The Century Company, 1919, P.P. 305-06.

39. Swift, Op, Cit. PP. 121-2.

the fact that the machinery for taxation, is already established within that political set up. In Scotland, England, New Zealand and British Columbia counties or municipalities may be seen grouped for all or for special school purposes. New Zealand, by forming a larger than the county unit has endeavoured to find a regional or economic unit with natural facilities for working together. There is much to be said for some such plan, as it may be made to preserve the political machinery for use, and at the same time be made to distribute responsibility for elementary, secondary and vocational programmes across a natural economic region the resources of which may be measured. In Manitoba it is easier to gauge the income ability of a region, such as a Census Division, than it is to estimate the ability of a municipality the income from which may flow in several directions. The five-year Census plan for Manitoba makes it possible to establish a reasonably accurate and continuous survey within Census Divisions. It gives a measure of income to which the assessment of the area may be closely related. The adoption of some such unit would enable the Provincial government to apportion aid according to the productive ability of an area and remove for all time the method of giving aid upon request, or upon an inadequate assessment basis to many small school districts. Two areas may be taken to illustrate the point: Census Division Number 12, the inter-lake area; and the metropolitan area in and about the city of Winnipeg.

The inter-lake area is similar throughout in the productivity of its farm lands and in the agricultural pursuits of the people. As a whole the land may be classified as sub-marginal. Additional income from forestry and fishing could be ascertained readily and levied upon. An Educational Board over all could eliminate waste, whereas at present, the political influences that affect a local council or government prevent readjustment. Provincial aid would be paid for the area as a whole on the basis of ability and the task to be accomplished.

Metropolitan Winnipeg is similar as an urban area. Its residents earn and spend without regard to political dividing lines. Residential political units, although weak in their assessment power, are contributing factors to the aggregate income which supports the total area, and which cannot be parcelled out readily within the metropolitan area. Although the municipal units may be able to provide elementary education, secondary education and much needed vocational programme can only be provided by all. The benefits of municipal undertakings may not be the concern of all, but, certainly the benefits of secondary education, both academic and vocational, may be so considered.

Control of schools within a large unit:-The control of schools within the unit appears to be the main problem which causes dissention when an attempt is made to alter existing conditions. Custom and generations of local prejudice form a barrier to progress. In Australia the state directs all local school activities over an extensive area. In England and Scotland co-opted members of the Committee of Education assist. The adoption of the Atmore Report in New Zealand would reduce the powers of local committees to that of supervisors of school properties and equipment. The Department of Education in the State of Maine administers its outlying schools in unorganized territories. Frequently non-resident official trustees administer school districts in Manitoba. The Municipal Board administers all schools in the municipality of Miniota. In British Columbia the municipal or community Board administers all schools within their jurisdiction. There is an abundance of evidence to show that, no matter what the physical nature of the area or climatic conditions, a local Board is not an administrative necessity. As a financial unit the little school district has been proven a false unit. Apart from that, England, Scotland and New Zealand believe that some means of local cooperation is desirable. It has been amply demonstrated in British Columbia and in the municipality of Miniota, in Manitoba, that the municipality is sufficiently small to administer all schools within the area without recourse to Boards for each schoolhouse.

Where the municipal unit is adopted there remains the need for provision for cooperation between the Board of that unit and the municipal council. This phase of the problem will be discussed in another section.

Possible units of financial administration. - In setting up a larger unit for financial and administrative control these two features of management may be separated. Several methods of dealing with such situations are presented herewith:

1. State control.- All schools in the Province may be taken over and administered by the Provincial Department of Education or by an Educational Commission. They may be administered in part by the Department of Education and in part by an Educational Commission as for example the Appointment Commission in New Zealand.
2. Partial state control.- The Province may take charge of certain phases of school administration as in New Zealand and delegate other phases such as buildings etc. to regional Boards, Municipal Boards or to the Local District Boards of Trustees.
3. Municipal Control.- Municipal and Community Boards may be established as in British Columbia, giving the Council some right to be heard in the matter of school levies. In such a set-up there is no need for local school Boards.
4. Municipal Finance Committee or Educational Committee.- Such a committee could function as an advisory committee between school districts and the municipal council in the matter of standardizing school costs and budgeting for school purposes. The New Brunswick Commission has recommended some such method of dealing with the matter of school finance in that Province.
5. Regional Boards of Education with Large Powers.- The Province under such a unit would establish Regional Boards corresponding to Census Divisions or some other territorial bases, including groups of municipalities, but not limited to one municipality. The division of authority under such a plan might vary:
 - (a) The Board of Education to have authority over the financial provisions, subject to the Department of Education. Authority over teacher appointments and adjustments. Authority over school district boundaries and schools to be operated. Authority to lay out a programme for secondary and vocational education units. Authority to erect school buildings. Under such conditions of organization a Provincial inspection department would be located within the region and be the Office of the Educational Board. The School District Board would have charge of the maintenance and care of the school plant.
 - (b) The powers of either the General Education Board or of the Local Board could be varied within this scheme. In any case matters of large importance could be made subject to the approval of the Department of Education. Municipal councils should have representation on such a Board.

Joint responsibility for all public service taxation.-

Enlarging the unit of school administration has not always led to a recognition of the necessity for joint action in the matter of school levies. In Scotland and England the County Council has been made responsible for the budget for all school and municipal purposes. In British Columbia and in Manitoba the school district, be it municipal or otherwise, requisitions without the Municipal Council having a voice in the matter but being required to provide all the money requisitioned whether or not other public services suffer thereby. In several instances, in the United States, the Council, through its representation on the School Board, through its right to appoint School Board members, or through its power to veto or to amend, exercises some manner of control over the school budget. The New Brunswick Report suggests that the County Educational Commission, subject to the approval of the Superintendent of Education, should supervise the budgets submitted by the District School Boards. The trend

within certain of the larger units of school administration would appear to suggest a need. The present depression would indicate the necessity for a measure of central control over both municipal and school levies. Indeed, all governmental agencies, through which taxes are levied, should be brought together that they might measure the ability of the unit to be taxed, measure the relative value of public services, and levy accordingly upon income, by whatever measure may be employed. The financing of all public services must be treated as we would treat a business enterprise. No business concern could hope to withstand the drain of several departments buying, selling, and financing independently.

The administration of sub-marginal areas.- In British Columbia the schools of unorganized territory may be formed into community districts and a Board elected for the administration of the group of schools. In the State of Maine the Department of Education administers all such school districts direct. Manitoba has an increasing area of unorganized territory due mainly to the disorganization of weaker municipalities. The amount of Provincial aid expended on the schools of these areas has increased to the point where many are financed largely through Provincial funds. Where an Official Trustee is not in charge, all the problems of the little school district, plus the financial problem, are present. Either the complete administration of such districts, or their administration through a Community District Board subject to the guidance of the Department of Education, would provide a more adequate system of school administration than at present exists.

Standardising school costs and teachers' salaries.- The variation in school costs is an important matter. Apart from financial and fixed charges there are three main current costs, salary, maintenance of plant and equipment, and transportation in certain districts. These costs per classroom unit are not difficult to compute. The salary, of all current costs, is the most general in its effects; It must be remembered that the product of the school depends upon the strength of the teaching body. In Australia the state pays the salary of the teacher. In Germany, the state as a rule pays the salary of the teacher, and in all states teachers' salaries are fixed by law. In England and Wales the salary schedules for different types of schools, recommended by the Burnham Committees, have been accepted by all the Local Education authorities in the country. In Scotland teachers' salaries must not be less in amount than that prescribed by the minimum National Scales. A salary schedule for the Province of British Columbia was to come into effect on Sept. 1st., 1932. It is urgent that the salaries of teachers should be placed on a more permanent basis than that at present existing in the Province of Manitoba. Without doubt the unsatisfactory methods of salary adjustment to meet the present depressed conditions is due to open competition. The present administrative organism does not admit of a general reduction or raise in salaries to meet changing economic conditions. Any reorganization of the financial unit of administration should make provision for a more stabilizing method of adjustment in teachers' salaries.